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Statement by the Hon. **MAURICIO CÁRDENAS**,  
Governor of the Fund and the Bank for **COLOMBIA**



**Statement by the Hon. Mauricio Cárdenas  
Governor of the Fund and the Bank for Colombia**

**IMF – World Bank Group Annual Meetings  
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It is an honor for the Government and the People of Colombia, and for me on their behalf, to address the international community in these Annual Meetings as the Chair of the Board of Governors of the World Bank Group and International Monetary Fund.

We accept this honor as a recognition of the fundamental role that emerging economies play on the global stage, and of the path that Colombia has undertaken to secure its macroeconomic stability, advance in the achievement of inclusive development, and in the search of a stable and long lasting peace after decades of conflict.

These are indeed hard times for the world economy, and like other fellow developing nations, our path has not been free of struggle and strong headwinds.

The post-2014 global scenario of low oil prices has hit Colombia hard. The current account deficit went from 3.2% of GDP in 2012 to 6.5% in 2015 and the currency depreciated by almost 53% against the US dollar during that period.

Despite the difficult international context, thanks to the robustness of the Colombian economy and investor confidence, our performance was remarkable in 2015. Colombia ranked second in economic growth within the eight largest economies in the region.

Through careful planning we have been able to address these challenges head on, and those that await us, to turn them, in the words of President Juan Manuel Santos, into new opportunities.

The drop in international commodity prices has created the opportunity to accelerate the shift towards a “New Economy”, a national development strategy for the next decade. Our aim is to achieve an economy that is more resilient to external shocks through a diversified export supply, founded on macroeconomic stability.

This year, we are expecting to grow at 2.5 %, which still stands out in the region. Our growth is led by new economic sectors that will become the building blocks of the New Economy.

Manufacturing is growing well above GDP levels. The average annual growth of manufacturing production increased to 4.4% in June, the highest real annual variation since 2012.

Local markets are turning to domestic production quickly thanks to an expanded middle class that was recently achieved through targeted social investment and a reduction of non-wage labor costs.

In this context, the Colombian economy shows signs of an orderly adjustment. As a percentage of GDP, the current account deficit went down by 1.5 pp to 4.8% in 2016.

The foundations for a New Economy are laid out, and it is our goal to enhance these achievements and accelerate the reforms to carry out this process successfully and achieve higher competitiveness.

We have made significant efforts in advancing our 4G infrastructure agenda and the endeavors to finance it have started to pay off. This vast infrastructure project is comprised of more than 87 highway and infrastructure projects totaling a nearly 16 billion dollar investment. All first-wave projects have been allocated and the construction phase has begun.

We're also enhancing our technology and innovation sectors. We are implementing reforms to consolidate a National System of Competitiveness, Science, Technology and Innovation, while maintaining high levels of public investment in improving the quality of our education.

The Government is aware that reforms for boosting competitiveness and maintaining macroeconomic stability would not be complete without a comprehensive overhaul of our tax system.

We have designed a structural tax reform bill to present to Congress. The Tax Reform bill will generate tools to further diversify our private sector and make it more suitable for Global Value Chains.

The reform includes, among other measures, the use of International Financing Reporting Standards as reference for a new unified income tax, more progressive taxes for individuals, and a strong emphasis on reining in tax evasion and the use of international tax havens, reducing the use of cash and strengthening our tax authorities.

During these Annual Meetings, we must also address the backlash against global trade by re-focusing the discussion on the long-term benefits of economic integration. Colombia has made great advances in this regard, and we continue to invite fellow nations to pursue open trade, led by new strategies to adapt to the new global environment.

Colombians are eager for a national consensus that will allow us to implement the Peace Accord signed by President Juan Manuel Santos and FARC rebels, effectively ending 52 years of armed conflict, paving the way for new levels of economic development, equality and prosperity.

Peace will be the final and decisive element for Colombia's transition into a New Economy. We ask then for the continued support of the international community as we step into this new phase that should certainly bring a message of hope to the world that peace can be reached through sustained dialogue.